

State *of the* Fleet Report

Fiscal Year 2016



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Department *of* General Services
Office *of* Fleet Management Services

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Executive Summary

Pursuant to Executive Order Number 89 (2005) “Purchase, Assignment and Use of State-owned Vehicles,” the Virginia Department of General Services (DGS) is to report annually on the performance of the statewide fleet management program. This report documents performance data and information on initiatives taken by DGS to continue movement toward an enterprise approach to managing the Commonwealth’s passenger-type vehicle assets.

To compile data necessary to complete this report, the DGS, Office of Fleet Management Services (OFMS) needed specific passenger vehicle performance data from state agencies that own, operate, and maintain their own fleet of passenger-type state vehicles. OFMS requested the needed data from state agencies through their designated Agency Transportation Officer (ATO). The data received from those agencies responding to OFMS’ request is used in this report.

The OFMS offers Commonwealth agencies a full array of safe and reliable transportation options. Services include; leased vehicles, short-term vehicle rentals, vehicle maintenance management, fuel cards, bulk fuel, alternative fuels, safety training and policy development. OFMS strives to add value to the fleet customers, while keeping costs stable. OFMS continues to operate under the same operational rate as established in 2008. By keeping a stable lease rate, we hope to offer agencies the lowest cost and most predictable option for vehicular transportation.

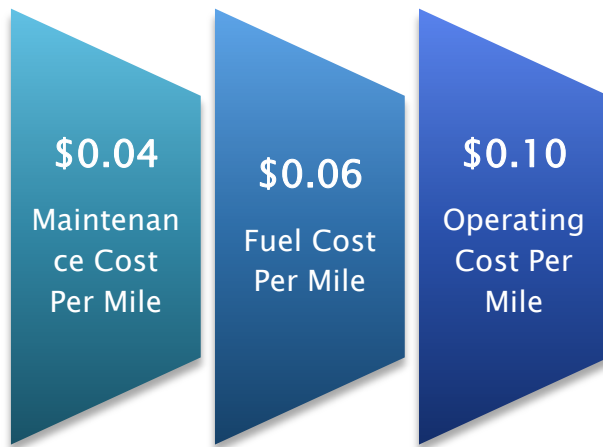
At the heart of OFMS is the VMCC, the main point of contact for fleet vehicle drivers to OFMS. With 24/7 availability, quick response times and excellent follow-up, the VMCC receives consistent accolades from drivers. .

The Alternative Fuel Program was formed from the collaborative contracts established by the alternative fuels PPEA and developed an easy to access system for agencies and local public bodies to obtain CNG and propane fuel, fueling infrastructure and vehicle conversions..

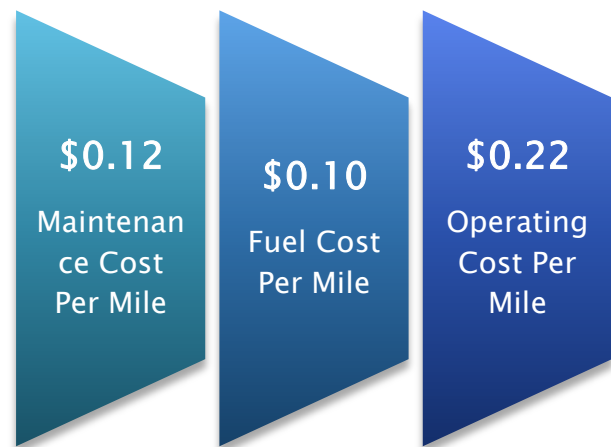
The State Motor Fuel Program saw evolutionary changes with a new pricing model for bulk fuel that better reflects actual purchase behavior. Fuel cards are becoming increasingly popular as they offer users great flexibility, with increased purchase and fraud protection for the agency. With over 150 localities participating, we continue to see new enrollees into the program.

Statistics Dashboard

OFMS Vehicle Costs

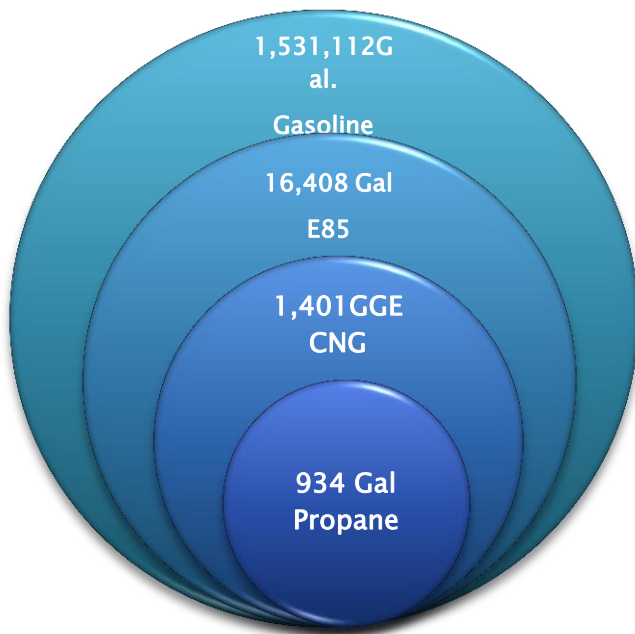


Agency* Vehicle Costs

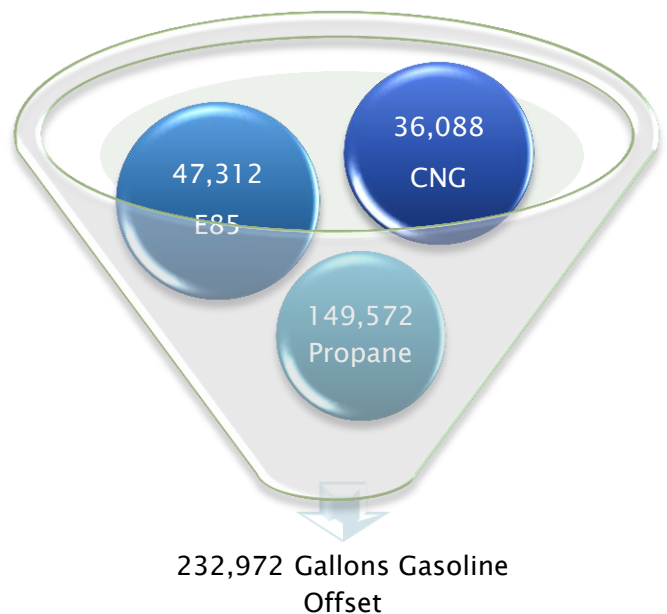


**Those agencies that own, operate and maintain their vehicles*

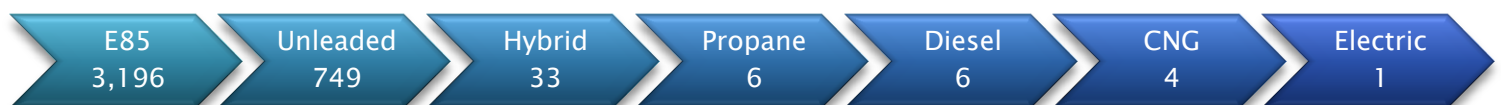
Fuel Usage - OFMS



Alternative Fuel Usage-All



OFMS Vehicle Composition – Fuel Source

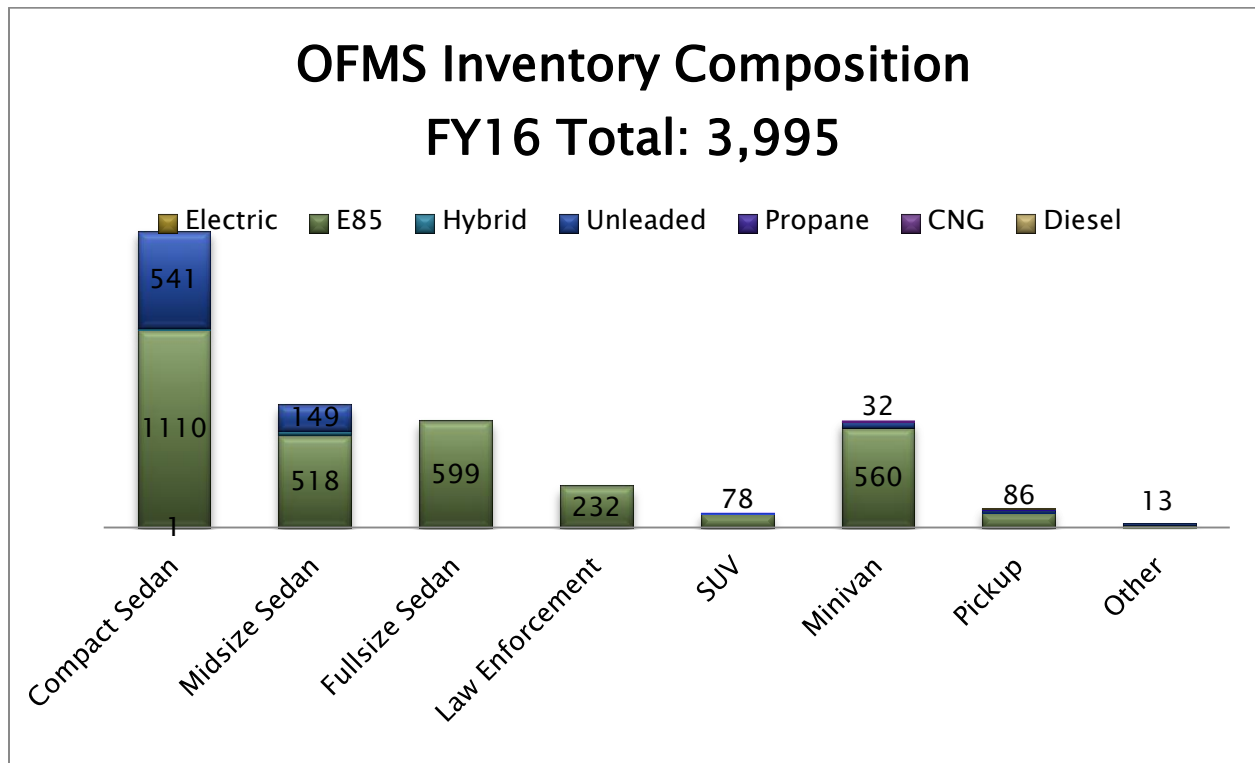


State of the Fleet Report: Fiscal Year 2016

Fiscal Year 2016 Fleet Review

This report provides an overview of the performance of the OFMS fleet and the various support programs it oversees.

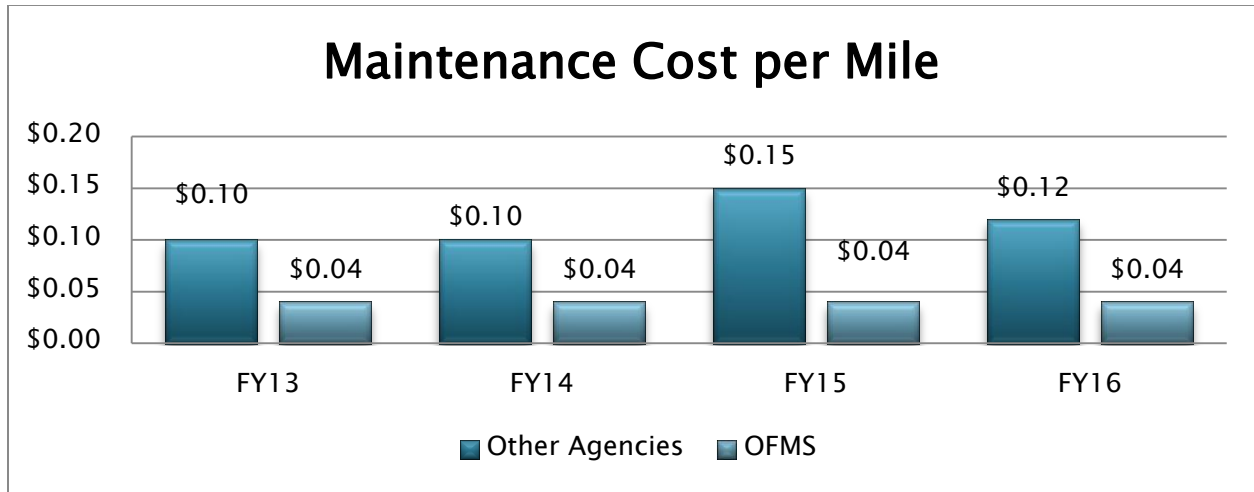
OFMS Fleet Composition Data:



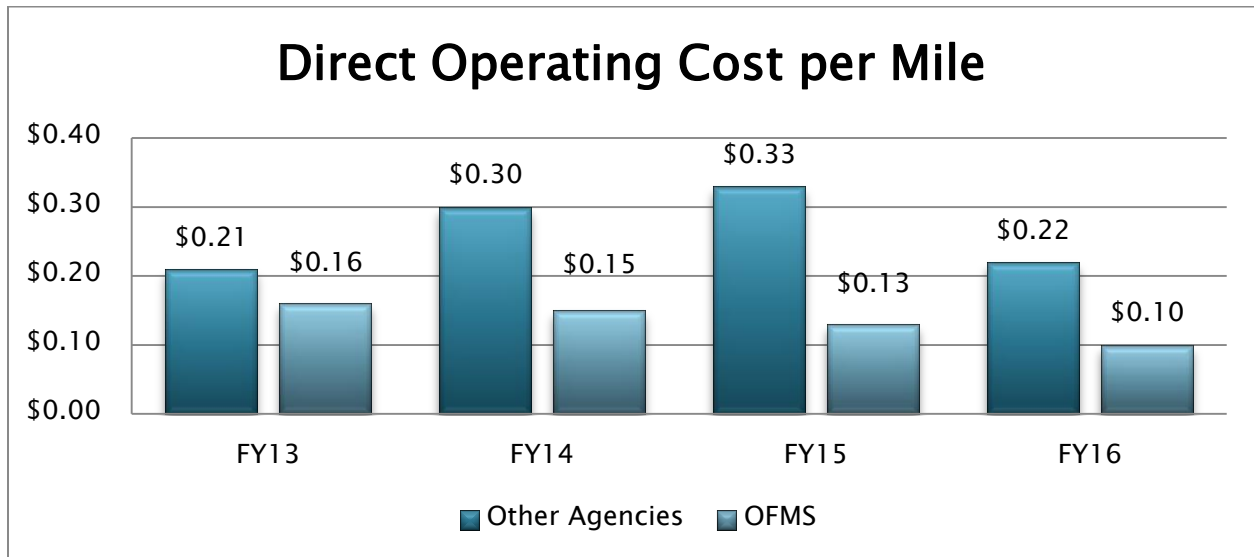
Vehicle Management Performance Indicators:

The following performance indicators represent common state-level fleet management performance indicators. These figures give a high level overview of the performance of the Commonwealth passenger-type vehicle fleet. Note that the information in the charts reflect that direct maintenance and operating costs are less for vehicles managed by OFMS than what was reported by state agencies and institutions that own, operate and maintain their vehicles. This data reflects direct costs only and does not consider operational overhead.

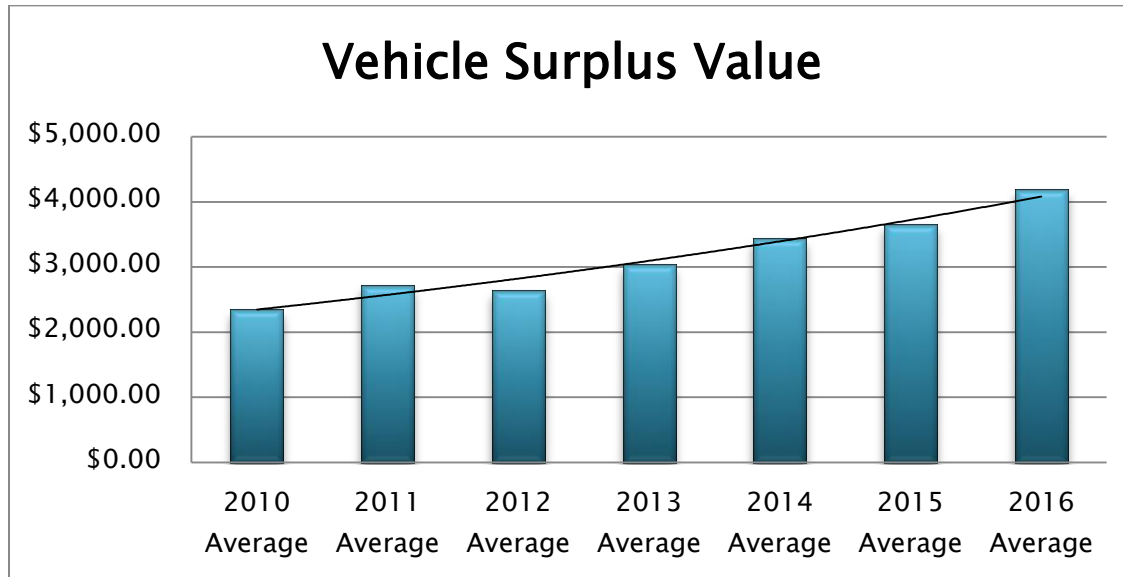
- Maintenance cost per mile for state agencies compared to OFMS cost. Maintenance cost consists of all parts and labor costs associated with vehicle maintenance and repair. Accident repair costs have been excluded from these figures:



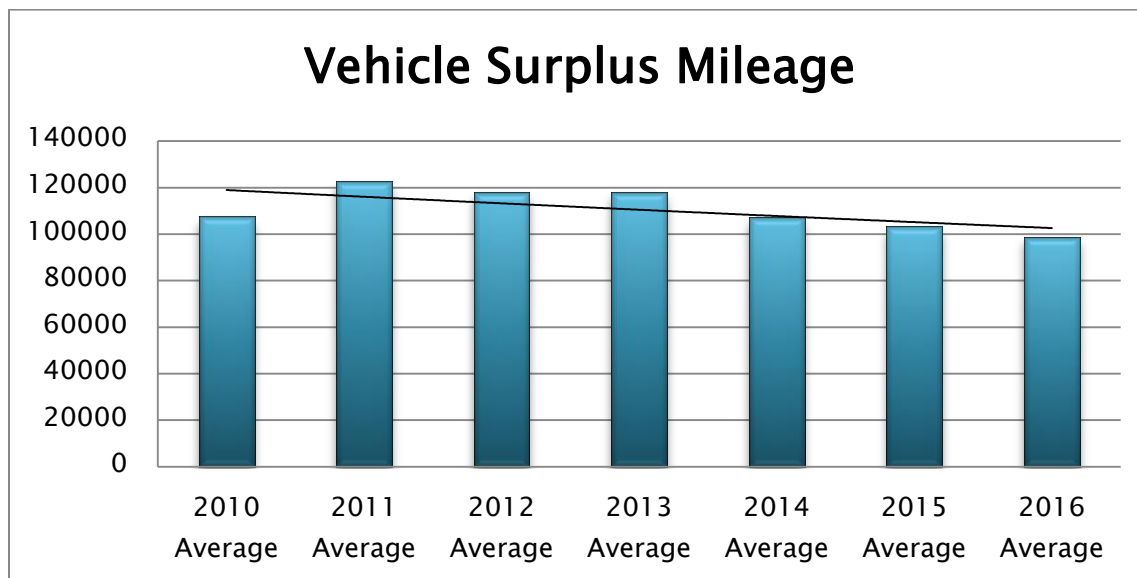
- Direct operating cost per mile for state agencies compared to OFMS cost. Direct Operating Cost consist of all maintenance costs plus fuel costs:



- Vehicle sales proceeds have seen a continual increase as OFMS improves purchasing and surplus patterns and decreases the average age and mileage of vehicles coming out of the fleet.



- The increase in surplus value is related to a corresponding decrease in vehicle mileage at the time of surplus.



Vehicle Management Control Center (VMCC):

The VMCC is a public-private partnership between DGS and Centerra (formerly G4S), to manage vehicle maintenance requirements for OFMS vehicles. The VMCC offers 24/7 availability to state drivers who have breakdowns or accidents. The VMCC follows repairs from cradle to grave and ensures that the best interest of the driver and the Commonwealth are at the forefront of the process.

Vehicle Repair Downtime:

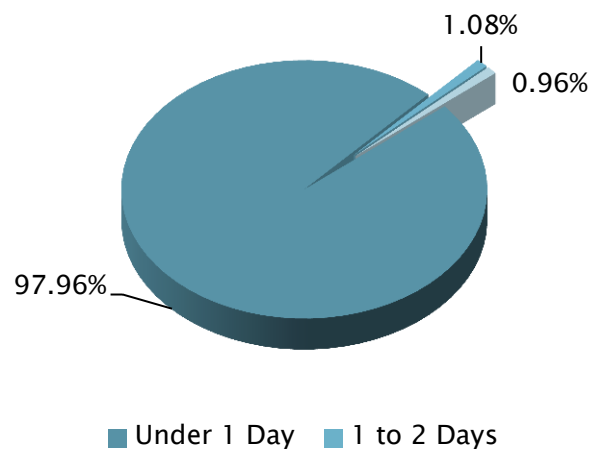
In FY16, 98% of repairs were completed in less than one day, a slight decrease from last fiscal year.

The vehicle downtime does not have a concrete cost savings associated with it, but it does represent an operational efficiency to those who would otherwise be without transportation. The VMCC staff

is constantly looking for ways to have repairs completed more efficiently to minimize downtime. By increasing the size of the state-wide network of private vehicle repair facilities, the VMCC is able to schedule drivers at a repair facility (both state-owned and private) that can complete the repair the quickest and at the best price. These efforts were critical in maintaining these rates within a reasonable range.

Downtime Summary

(7/1/2015 – 6/30/2016)

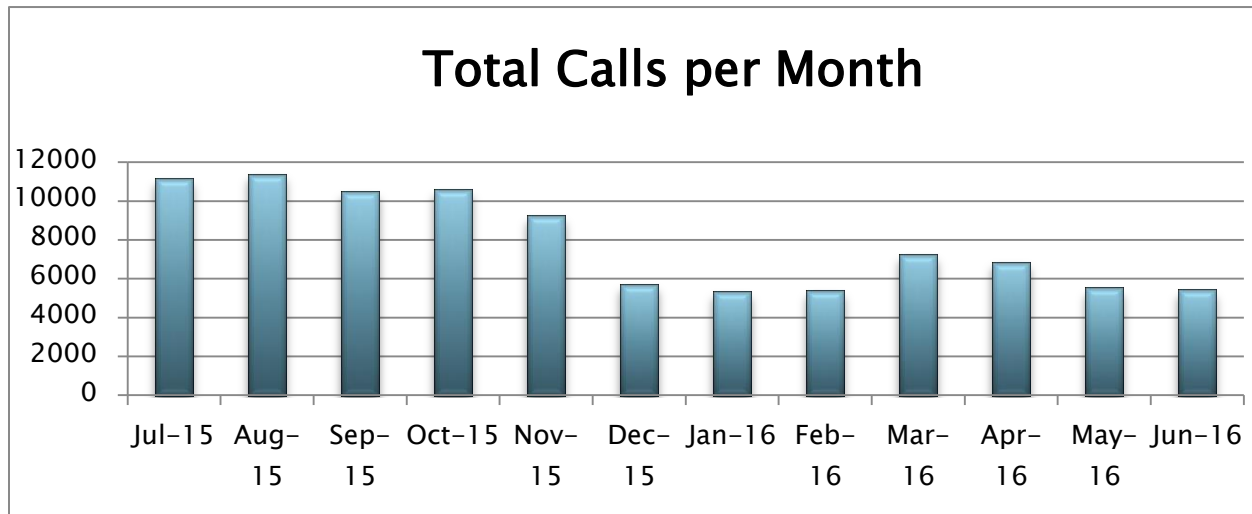


Call Center:

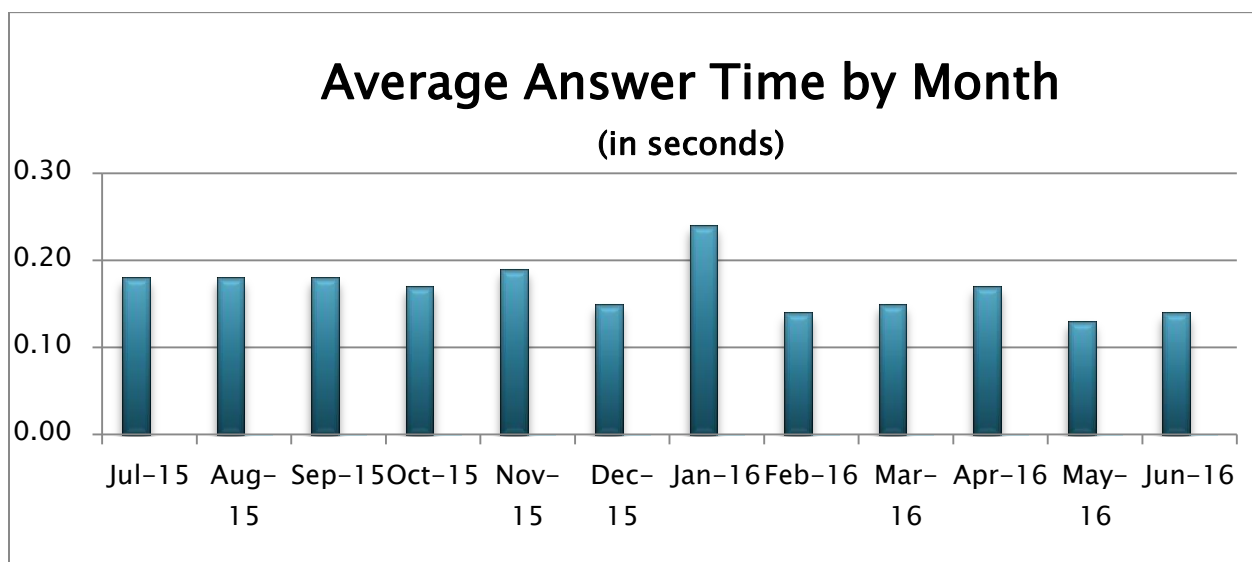
At the heart of the VMCC is the team of eight contracted employees who handle all of the inbound phone calls from across the Commonwealth. A suite of call center specific programs collect extensive data on the call center activities and are used to evaluate performance and make adjustments to maximize customer satisfaction. The call center also utilizes an off-the-shelf fleet management software package “FASTER.” The FASTER application allows the VMCC to capture and track equipment information, maintenance data, vehicle usage, and fuel transactions. The performance of this call center is integral in the success of the VMCC program.

Total VMCC Calls Completed:

The call center completed a total of 94,554 phone calls during the reporting period. A new phone system was implemented in December of 2015. The new system calculates total call numbers differently, creating the perceived drop in total calls per month in the following chart.

**Average Answer Time:**

In FY16 the average answer time was 17 seconds which is the time from the first ring until an advisor answers the phones. In our application a 20-second voice recording for menu options is included in this time, although the recording does not have to be listened to in its entirety. The VMCC continues to perform far better than the general industry standard of 30 seconds.



VMCC Services for State Agencies and Public Entities:

The VMCC program proved to be successful at properly maintaining OFMS leased vehicles so all of the VMCC services were expanded to other state agencies and public entities. This service gives agencies the ability to relinquish maintenance control over the vehicles to the VMCC by providing the security of a 24-hour call center along with a turn-key maintenance management system. This program also affords users the same data collection and reporting tools OFMS utilizes for pool vehicles. Currently the following entities are participating in the program:

- Attorney General's Office
- Buckingham Correctional Center
- Capitol Police
- Christopher Newport University
- Department of Agriculture
- Department of Conservation and Recreation
- Department of Correctional Education
- Department of Corrections
- Department of Environmental Quality
- Department of General Services Office of Surplus Property Management
- Department of Health
- Department of Motor Vehicles
- Department of Social Services
- Department of Treasury
- Dillwyn Correctional Center
- Department of Emergency Management
- Halifax Correctional Unit
- Department of Housing and Community Development
- Isle of Wight County
- Indian Creek Correctional Center
- Lord Fairfax Community College
- Northern Virginia Community College
- Piedmont Community College
- Rappahannock Regional Jail
- Rappahannock-Rapidan Community Services Board
- Region Ten Community Services Board
- Department of Aging and Rehabilitative Services
- Richmond Redevelopment and Housing Authority
- Science Museum of Virginia
- Virginia Correctional Enterprises
- Virginia Economic Development
- Virginia School for the Deaf and Blind
- Virginia Tourism Authority
- Wallens Ridge Correctional Center
- Wytheville Community College

State Motor Fuel Program

DGS was directed by the General Assembly to procure, through a competitive procurement process, gasoline and diesel fuel for state and local government entities. DGS conducted the procurement process and on August 11, 2010, awarded contracts for bulk gasoline and diesel fuel purchased to fill state and local government owned bulk fuel tanks and a fuel card contract for the purchase of fuel from commercial retail fuel providers. The resulting contracts were combined to form the State Motor Fuel Program. The contracts became available for use in October 2010.

Through a concerted marketing campaign promoting the benefits of the contracts, there continues to be increased participation by local public bodies and institutions of higher education.

Fuel Program Usage Summary:

Figures include statewide bulk fuel, consignment fuel and fuel card usage for gasoline and diesel fuels.

	Gallons	Total \$	Price Per Gallon
FY12 / Q1	4,911,281	\$15,387,981	\$3.13
FY12 / Q2	4,368,454	\$13,128,012	\$3.01
FY12 / Q3	4,518,539	\$14,780,871	\$3.27
FY12 / Q4	4,554,781	\$14,206,156	\$3.12
FY13 / Q1	4,494,545	\$14,515,218	\$3.23
FY13 / Q2	4,750,319	\$15,160,395	\$3.19
FY13 / Q3	5,263,759	\$17,184,548	\$3.26
FY13 / Q4	4,912,500	\$15,108,047	\$3.08
FY14 / Q1	5,353,959	\$16,639,944	\$3.11
FY14 / Q2	5,435,537	\$16,288,594	\$2.99
FY14 / Q3	5,883,713	\$18,311,192	\$3.11
FY14 / Q4	5,647,683	\$17,779,556	\$3.14
FY15 / Q1	5,598,457	\$16,340,955	\$2.91
FY15 / Q2	5,730,388	\$13,906,469	\$2.43
FY15 / Q3	5,906,943	\$11,478,523	\$1.94
FY15 / Q4	5,942,852	\$12,652,531	\$2.13
FY16 / Q1	5,337,586	\$9,607,102	\$1.79
FY16 / Q2	5,772,748	\$9,382,564	\$1.62
FY16 / Q3	6,017,436	\$8,065,610	\$1.34
FY16 / Q4	5,620,248	\$9,764,571	\$1.73

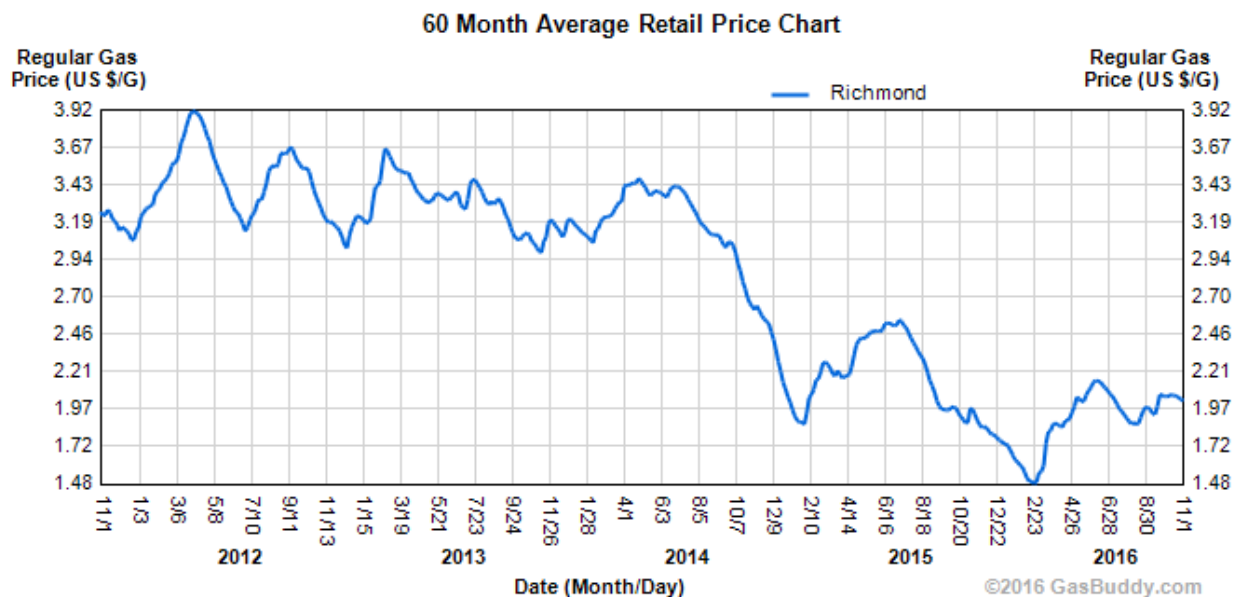
Fuel Card Program:

The OFMS fuel card program is an OFMS contracted service provided by a private sector fuel service provider. This service provides all state drivers access to over 16,000 commercial fuel sites statewide, while still maintaining the ability to use state-owned sites. Fuel purchase data is transferred into the VMCC fleet management system allowing each agency to receive one consolidated and detailed monthly bill for fuel card purchases

OFMS Pool Car Fuel Purchases:

Voyager Card	FY11	FY12	FY13	FY14	FY15	FY16
(Usage/Gallons)	1,151,270	1,228,621	1,592,932	1,177,668	1,550,972	1,532,938
(Cost)	\$3,137,283	\$3,717,212	\$4,669,910	\$3,543,817	\$3,576,932	\$2,683,648
Avg. Price per Gallon	\$2.70	\$3.03	\$2.93	\$3.01	\$2.30	\$1.75

The following represents the average retail cost in the Richmond, VA area for the past five years.



Alternative Fuel Program

OFMS has a very robust alternative fuels portfolio that consists of E85, propane and natural gas. By utilizing a variety of sources, we are able to offer as many alternatives to our agencies as possible to meet their diverse transportation needs.

During the 2011 General Assembly, House Bill 2282 was introduced and passed directing the establishment of a plan providing for the replacement of state-owned or operated vehicles with vehicles that operate using natural gas, electricity, or other alternative fuels.

To fulfill this requirement, the Commonwealth looked to the private sector, through a public-private partnership, to investigate the feasibility of such a plan. This public-private initiative was conducted in accordance with the Public-Private Educational Facilities and Infrastructure Act (PPEA) of 2002. This process required industry leaders in vehicle manufacturing, alternative fuel infrastructure, producers of alternative fuels and other alternative fuel experts to partner among themselves and government for a successful plan to be developed and implemented.

As a result of the PPEA, contracts were awarded to Clean Energy for a natural gas (CNG) solution and Blossman Gas for a propane (LPG) solution. Both contracts include provisions for fueling infrastructure, statewide fuel pricing and vehicle conversions.

In December 2012 the first public CNG station under the PPEA became operational. Initial customers utilizing the station are DGS State Mail Service, City of Richmond and Greater Richmond Transit Authority. The first propane fueling site at the DGS OFMS facility at 2400 W. Leigh St. was completed in December 2013. The first ethanol based fueling site for state-owned vehicles became operational at the OFMS Central Garage in October 2006. OFMS has been proactive in educating state drivers of the usage and availability alternative fuels.

Alternative Fueling Stations in Virginia			
As of: 9/1/2016			
http://www.afdc.energy.gov/afdc/locator/stations/state	FY14	FY15	FY16
Biodiesel (B20 and above)	11	10	11
Compressed Natural Gas	21	21	21
Electric	230	289	422
Ethanol (E85)	17	18	21
Hydrogen	1	0	0
Liquefied Natural Gas(LNG)	0	1	2
Liquefied Petroleum Gas (Propane)	64	75	88
Total	361	414	565

Compressed Natural Gas (CNG):

Successes:

Original Equipment Manufacturer (OEM) Vehicle Availability: Unlike propane, a number of vehicle manufactures still offer factory orderable CNG vehicles that are currently available on statewide contract.

Challenges:

Fuel Pricing: CNG has had the advantage of having the lowest overall fuel cost of the alternative fuel options available to the Commonwealth until recently. With oil prices taking an unpredicted drop, CNG has been at a disadvantage due to its relatively flat pricing. While stable pricing usually works in favor of CNG, it has been more expensive on a GGE basis than gasoline for much of the year.

Infrastructure: Fueling infrastructure is one of the biggest hurdles for CNG. Both in cost of construction and limitations of station locations, as CNG stations must be built on a natural gas pipeline. Fueling infrastructure development will continue to restrict statewide rollout of CNG vehicles.

Vehicle Financial Viability: While having the lowest fuel costs, CNG has a higher conversion or purchase price than either propane or E85. Thusly, it is harder for light duty vehicles, which have a lower lifecycle cost to begin with, to be financially viable. There are more opportunities currently with larger vehicles such as refuse trucks and transit buses. As the price of the fuel tanks continues to decrease, the expectation is that conversion costs will come down and light duty vehicles will be financially viable across the board.

Fueling Sites

- Maury St. Richmond, VA
- Old Ox Rd. Dulles, VA

Vehicles Converted

- 4 - DGS State Mail Service

Fuel Consumption

- 1,825 Gasoline Gallon Equivalent

Propane / AutoGas:

Successes:

Fuel Pricing: Propane offers the Commonwealth a lower price per gallon than both gasoline and diesel. While there is an efficiency loss when utilizing propane, it still offers lifecycle savings when compared to their petroleum based alternatives. With gasoline and diesel prices plummeting, we are seeing a correlating drop in the price of propane.

Fueling Infrastructure: While CNG has location and financial hurdles with regard to infrastructure, propane infrastructure is considerably cheaper and can be placed virtually anywhere. As a result, a number of propane fuel station projects already are underway to include Chesterfield County, City of Chesapeake and OFMS.

Challenges:

Vehicle Availability: The automotive industry has not put the investment into propane as we have seen with CNG. Thusly, there are not any factory orderable propane vehicles currently available, leaving all vehicles to be converted. The EPA approval process has been a hurdle for the contractor in getting current model year conversions to market. There also is more focus on light to medium duty work vehicles, leaving the bulk of the OFMS centralized fleet without a propane solution. OFMS has been working with the vendor by allowing the use of Commonwealth vehicles for development and testing of conversion kits.

Fueling Sites

- OFMS Fleet, Richmond VA
- Chesterfield County Fleet, Chesterfield VA

Vehicles Converted

- 2 - DGS Bureau of Facilities Management
- 1 - Department of Environmental Quality
- 1 - Department of Motor Vehicles
- 1 - Department of Conservation and Recreation
- 7 - Virginia Commonwealth University
- 7 - James Madison University

Fuel Consumption

- 149,572 Gallons

E85:

Successes:

OEM Vehicle Availability: There are a multitude of E85 flex-fuel options available by the vehicle manufacturers, from compact vehicles to pickup trucks. There is also no price delta for E85 capability. As a result, over half of the OFMS centralized fleet is E85 flex fuel.

Challenges:

Infrastructure / Fuel Availability: E85 availability has not expanded as was once predicted. With only 11 public stations statewide, the availability of E85 is minimal.

Fueling Sites

- OFMS Fleet, Richmond, VA

Vehicles

- 3,196 - DGS Pool Vehicles

Fuel Consumption

- 47,312 Gallons

Short Term Rental Program

Enterprise Rental Contract:

In the Fall of 2006, a DGS contract with Enterprise Rent-a-Car became available for use by state agencies across the Commonwealth. This service was provided to give state agencies and their employees an option to use an Enterprise vehicle rather than the employees' personal vehicle when traveling on state business. At the time the contract was made available to state employees, the personal travel reimbursement rate for employees when using their personal vehicle was 44.5 cents per mile.

In FY16 state employees traveled a total of 6,569,118 miles in Enterprise vehicles for a total Enterprise rental cost of \$1,886,299 and a fuel cost of approximately \$489,034. This calculates to approximately 36 cents per mile. If that same number of miles would have been reimbursed using the personal reimbursement rate in affect in FY16 of 55.75 cents per mile, it would have cost the Commonwealth approximately \$3,662,283. The use of the Enterprise car rental option resulted in a cost avoidance to the Commonwealth in FY16 of approximately \$1,286,950.

Note: IRS Mileage Rates: CY 2011: \$0.51 CY 2012: \$0.555 CY 13: \$0.565 CY 14: \$0.56)

CoVA Cost Avoidance (Enterprise Rentals)	FY12	FY13	FY14	FY15	FY16
Miles Driven	5,265,101	4,298,320	4,780,444	5,905,468	6,569,118
Fuel Used (Gallons @ 27 MPG)	195,004	159,197	177,053	218,721	243,31
Ave Fuel Cost/Gal	\$3.46	\$3.43	\$3.31	\$2.64	\$2.01
Fuel Cost	\$674,713	\$546,046	\$586,047	\$577,424	\$489,034
IRS Mileage Rate	\$0.555	\$0.56	.5625	\$0.5675	\$0.5575
Personal Reimbursement Cost (Potential)	\$2,922,131	\$2,407,059	\$2,689,000	\$3,351,353	\$3,662,283
Less Rental Vehicle Cost	(\$1,787,873)	(\$1,509,630)	(\$1,592,692)	(\$2,269,321)	(\$1,886,299)
Less Rental Fuel Cost	(\$674,713)	(\$546,046)	(\$586,047)	(\$577,424)	(\$489,034)
CoVA Cost Avoidance (YTD)	\$459,545	\$351,384	\$510,261	\$504,608	\$1,286,950
Note: IRS Mileage Rates: CY 2012: \$0.555 CY 13: \$0.565 CY 14: \$0.56 CY 15: \$0.575 CY 16: \$0.54)					